

REPORT

OF

THE SECRETARY OF THE TREASURY,

RELATIVE TO

The present condition of the finances of the government.

MAY 19, 1858.—Referred to the Committee on Finance and ordered to be printed.

TREASURY DEPARTMENT, *May 19, 1858.*

SIR: In view of the early adjournment I desire to call the attention of Congress to the present condition of the finances of the government.

In my annual report I estimated that there would be a balance in the treasury, at the end of the present fiscal year, of \$426,875 67, which would have required a deficiency in our resources of five millions of dollars to be provided for; as that amount is necessary, at all times, to be in the treasury for its prompt and successful operation. This estimate was based upon an expenditure limited to the appropriations then authorized by law. Since that time the demands upon the treasury for the present fiscal year have been increased by legislation to an amount not far below ten millions of dollars. Another important element of that estimate was the probable receipts from customs and other sources during the then three remaining quarters of the fiscal year.

The actual receipts for that period, it is now believed, will fall ten millions below that estimate; attributable to the fact that the trade and business of the country have not recovered as rapidly from the effects of the late revulsion as was then anticipated.

Owing to these causes the twenty millions loan of treasury notes, authorized by the act of December 23, 1857, will be exhausted in supplying the deficiencies in the treasury for the present fiscal year.

We shall commence the next fiscal year dependent entirely upon the current receipts into the treasury to meet all demands from it.

In reply to a call upon the heads of the different departments, I have received official information that the sum of \$37,000,000 will be, probably, called for during the first two quarters of the next fiscal year. This sum does not include such amounts as may be appropriated by Congress over and above the estimates submitted to them by the departments, and I have no data upon which to estimate for

such expenditures. Upon this point Congress is better able to form a correct opinion than I am.

To meet these expenditures, it is not prudent to rely upon receipts into the treasury, estimated upon the too rapid revival of trade and business. I believe that we may safely calculate upon receipts, during that period, from all sources, of \$25,000,000. Looking to this state of things, I recommend that authority be given to this department to supply any deficiencies that may arise in meeting the demands upon the treasury by an additional loan not exceeding fifteen millions of dollars.

In view of the amount of treasury notes already issued, I recommend a loan for that amount, to be negotiated for a period of not more than ten years, at a rate of interest not exceeding six per centum.

I have confined this inquiry to the two first quarters of the next fiscal year, as Congress will re-assemble before the close of the second quarter, and it will be time enough then, should it become necessary, to provide for future contingencies that cannot now be foreseen.

I do not recommend any measure for increased taxation. It would be unwise at this time to attempt a modification of the tariff act of March 3, 1857, for the reasons given in my annual report to Congress. Sufficient time has not elapsed to test the effects of that act upon the revenue, considering the condition of the country during the period of its operation. In addition to this consideration, neither the receipts nor the expenditures of the government should be estimated for in the future, upon the basis of its present receipts and expenditures. The former have been, and still are, too seriously affected by the late revulsion, to justify a policy of legislation based upon a probable continuance of this state of things for any considerable period of time.

The latter have been so greatly increased by causes of a like temporary character as to preclude, with equal propriety, the policy of considering them as a basis for estimating future expenditures. The most prominent of these temporary causes is the Utah expedition, which, it is hoped, will not reach beyond the end of the next fiscal year. During the period of an overflowing treasury, a system of expenditure was inaugurated in the building of custom-houses, post offices, court-houses, and other public works, which, fortunately for the country, has been checked by the exhausted condition of the treasury. The time thus given for a more thorough and rigid inquiry into the necessity and propriety of these expenditures, it is confidently believed, will lead to wise and salutary reforms. Retrenchments in other branches of the public service can, and I have no doubt will, be effected. Attention should be directed more to the reduction of expenditures than to an increase of taxation, to remedy the evils of an excess of expenditures over the means of the government. A full treasury is an unpropitious element in the work of retrenchment and reform. If measures should be now adopted to provide the treasury permanently with a sum equal to the present demands upon it, it might relieve the government from some of its embarrassments, but would greatly weaken the effort to restrain the government to an economical expenditure of the public money.

The revival of business, which cannot be much longer delayed, will, I am confident, ensure from the present tariff a sufficient revenue for the support of the government in ordinary times.

Extraordinary expenses, rendered necessary by causes equally extraordinary, always being of a temporary character, should be provided for in a like temporary manner.

This principle is too plain to require argument or illustration; it is only necessary to call attention to it to command the approval of every intelligent mind.

I am, very respectfully,

HOWELL COBB,
Secretary of the Treasury.

Hon. JOHN C. BRECKINRIDGE,
Vice President of the United States and President of the Senate.

